

Comments of AARP

AARP on behalf of its 1.7 million members in Illinois advocates for fair and affordable utility rates. For the first time in 40 years, Illinois residential ratepayers now enjoy the lowest electricity rates in the Midwest. For the first time since deregulation legislation was passed almost 20 years ago, consumers are finally seeing benefits.

A surplus of low cost power is not a problem.

Unlike its neighbor to the north (where rates are 2-3 cents higher due to over building of generation and transmission), the Illinois electricity marketplace appears to be working as intended bearing fruits for electricity consumers.

Further, AARP fought MISO's harmful, costly, and unnecessary proposal to establish a three year capacity surcharge on Illinois and Michigan ratepayers only which was opposed from the beginning by its own market monitor and rejected by FERC in an 8 page order in January 2017. Its persistence in re-introducing the proposal in Illinois is puzzling.

As we have said in previous comments and at the workshops, the ICC should commission a truly independent state wide assessment of electric supply and demand and not rely on a survey done by an out of state grid operator with a voluntary membership. We agree with the ICC draft report that the survey results have frequently been "alarmist". Some of those answering the survey are in the business of maintaining existing or constructing new generation and transmission.

With the passage of Illinois energy legislation in 2017, we now are keeping additional resources open (adding to the power surplus) plus mandating a reduction in usage and mandating new renewable resources. So in at least the short term there is no urgency to this discussion.

With this background we submit the following specific comments:

I. Resource Adequacy Standards

A. How should resource adequacy be defined and how does resource adequacy compare with or contrast with resiliency and reliability?

AARP Comment: Several commenters have noted the two are separate. We will defer to those with more expertise.

B. What entities currently address resource adequacy, how do they do so, and how sufficient are such current measures?

AARP Comment: The state of Illinois (including the ICC) should not cede its authority to anyone including RTOs.

There are many entities involved with this issue including NERC, the RTOs, the IPA, etc. The legislature set up the current system and they should be involved in any change. The focus should always be on the cost to consumers and preserving reliability.

II. Resource Adequacy Measurement

A. How much generation is currently available to meet Zone 4 resource adequacy requirements?

AARP Comment: As we suggested in our initial comments at the first workshop, this is a question to be answered by an independent consultant which should be hired to do such an inquiry. The study should be for the entire state and should recognize downstate Illinois is well connected to other states (which also have a power surplus).

B. What generation resources formerly meeting Zone 4 resource adequacy requirements have recently been lost due to retirement, derating, declining capacity factor, or otherwise?

AARP Comment: See answer above.

C. What current generation resources available to meet Zone 4 resource adequacy requirements are at risk of becoming unavailable going forward and what are the implications of the loss of such resources?

AARP Comment: See answer to question A.

D. What are the prospects for new generation resources becoming available to meet Zone 4 resource adequacy going forward?

AARP Comment: See answer to question A.

E. What non-generation resources are and may be available to meet resource adequacy and how do such resources impact resource adequacy?

AARP Comment: See answer to question A. The problem with using RTOs in this dialogue is that their solutions are overly focused on new, costly generation and transmission resources and in some cases assume retirements that may not actually occur.

F. How well do existing programs and initiatives predict future resource adequacy?

AARP Comment: See discussion above.

The MISO survey is basically a survey of those with an interest in building new transmission lines and constructing new power plants. As the draft report noted, it has been “alarmist” in its findings. Treating downstate Illinois as an island defeats the purpose of being in an RTO (relying on other states to meet power demands economically through the regional dispatch of generation).

III. Market Design Impact on Resource Adequacy

A. What alternative opportunities are available to resources that could otherwise be used to meet resource adequacy in Zone 4 and how do these opportunities impact Zone 4 resource adequacy?

AARP Comment: No comment

B. How does the transmission system impact resource adequacy?

AARP comment: See answer to II A.

C. How do facilities owned by municipals and cooperatives affect resource adequacy?

AARP Comment: See answer to II A.

D. How does bilateral contracting, self-supply, and fixed resource adequacy planning affect resource adequacy?

AARP Comment: See Answer to II A

E. How do so-called out-of-market revenues (revenues separate and apart from those obtained in wholesale markets (e.g., Zero Emission payments or renewable energy credits) impact resource adequacy?

AARP Comment: ZEC payments to out of market power plants distort the wholesale market and keep uneconomic plants in operation. This increases the power surplus.

V. Scope

Please provide commentary on any relevant substantive or process issue you believe has not been adequately captured in the Sections above.

AARP Comment: As noted in our introduction, the ICC and any study or survey should focus on impact to ratepayers.

It should also focus on possible duplicative actions by others such as FERC (grid resiliency docket) or RTO actions (PJM's proposal to let nuclear and coal set the market clearing price)

However, these may be "solutions" to a non-existent problem.

VI. Potential Policy Options

A. What changes, if any, should be made to better enable measurement and assessment of what resources are available to meet Zone 4 resource adequacy requirements?

AARP Comment: The state should stop relying on the MISO survey and instead do its own study using an independent consultant or in house personnel at the ICC or IPA.

The competitive retail "solution" initiative is no solution since first, there is no problem and second, if there is one, it is not MISO's to solve.

Their proposal was soundly rejected by FERC and panned by its own market monitor.

The state of Illinois should stand firm – especially when an out of state, voluntary group suggests a plan which could raise electricity costs to Illinois consumers.

B. What changes, if any, should be made to MISO's capacity construct including to the MISO planning resource auction to better ensure resource adequacy?

AARP comment: See comment above

C. What changes, if any, should be made to MISO's energy or ancillary service constructs that would help maintain resource adequacy?

AARP comment: See comment under A.

D. What actions should the Illinois Commerce Commission and/or the Illinois Power Agency take, if any, to address resource adequacy assuming no new legislative authority?

AARP Comment: The ICC should monitor the matter and also re-assert its authority at MISO that Illinois is in charge of resource adequacy.

E. What actions should the Illinois General Assembly take, if any, to address Zone 4 resource adequacy?

AARP Comment: No action is needed at this time.

F. Please describe any additional potential policy option(s) you would like to see considered or that you would recommend not be considered.

AARP Comment: Any discussion should always focus on cost to consumer and keeping the lights on.

G. Is it important for any selected policy option to be market-based? If so, why? If not, why not?

AARP Comment: No comment.